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ED

20 July 1954

Copy No. 80

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 48
NO CHANGE IN CLASS. ☒
() DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 3/1/80 REVIEWER:

State Department review
completed

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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Approved For Release 2004/01/16 : CIA-RDP79T00975A001600480001-1

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SOUTHEAST ASIA

1. Expansion of Viet Minh activities in central Laos indicated:

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The Viet Minh command has decided on a large expansion of its "Pathet Lao" guerrilla forces, initially to be undertaken in central Laos/

Comment: Several recent reports have suggested enemy plans for future operations in Laos, possibly during the autumn dry season. The Viet Minh is said to be improving or constructing several access routes from Tonkin into northern Laos and is stockpiling food there. In central Laos, elements of the Viet Minh 325th Division are to be joined by its 95th Regiment, which until early July was operating in the Tonkin delta.

25X1A 2. Premier Diem seeks to strengthen position in south Vietnam:

Premier Ngo Dinh Diem openly defied the Binh Xuyen-controlled police authorities of Saigon in authorizing an antipartition demonstration in that city on 18 July and is on the point of winning the support of a leader of an important faction of the Cao Dai sect, the American embassy in Saigon reports. Most of the antipartition demonstrators were apparently Cao Daists.

describes the attitude of the Binh Xuyen as one of "wary willingness" to relinquish police powers in exchange for other equally lucrative privileges.

Comment: Diem's cabinet consists mostly of northerners and includes no representatives of the politico-religious groups and other politicians in the south who figured in earlier governments. The French have reportedly been working with several of these

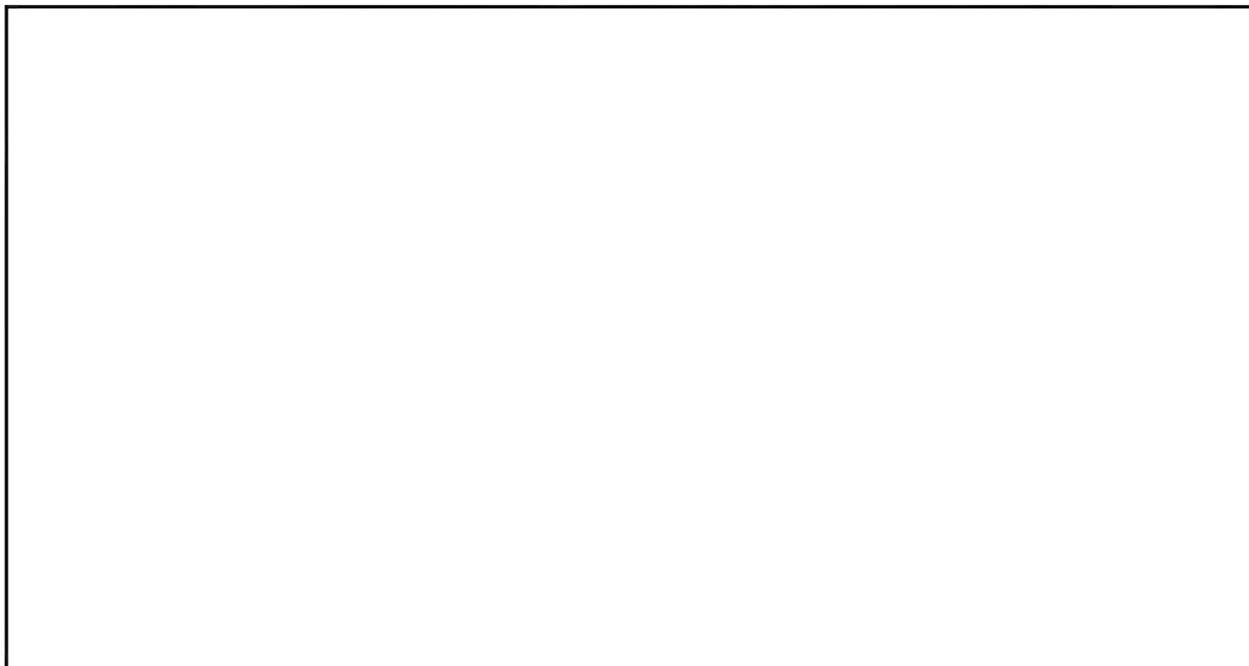
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politicians with a view to setting up a Cochinchina republic. The establishment of such a state would play into the hands of the Viet Minh, since it would have no Vietnamese nationalist appeal.

By winning greater support in the south for his own government, Diem would be better able to counter such plans.

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NEAR EAST - AFRICA

25X1A 4. Israel may resume work on controversial Jordan River canal:



The American embassy in Tel Aviv believes Israel may soon resume work on the portion of its Jordan River diversionary canal which lies in the Israeli-Syrian demilitarized zone.

According to the Israeli minister in Washington, his government is under "strong pressures" at home to continue the project and Israel cannot refrain indefinitely from doing so.

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Comment: Resumption of this work, which was ordered stopped by the UN truce supervisor on 23 September 1953, would provoke stiff Arab opposition and could lead to a fresh series of incidents. It could also negate the progress made by Special Ambassador Eric Johnston during his recent discussions with Arab leaders on the American plan for development of the Jordan River valley.

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